UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
Alfred D. Stedman, Assistant Administrator
Director, Division of Information
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TO FARM JOURNAL EDITORS:

The following information is for your use.

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INCREASED FARM RETURNS FOR MILK ON 22 LICENSED MARKETS

Producers serving 22 Federally licensed milk markets received $14,685,180 more in gross returns for their Class 1, or fluid milk, during 1934 than they would have received for the same volume under average prices paid for this class of milk in May, 1933, before any licenses were in effect, according to an analysis conducted by the dairy section of the Agricultural Adjustment Administration, based on volume of milk included in the respective pools as reported by the market administrators.

In computing this estimated increased gross return for Class 1 milk brought about by the Agricultural Adjustment Administration licenses and other factors, due allowances were made for the several amendments involving changes in the prices defined in the licenses, with their periodic effects on the Class 1 returns to producers f.o.b. the sales area. The number of days in which each license operated according to the various schedules for Class 1 milk were respectively computed. The final estimate is based on average daily deliveries as reported by the market administrators. The final amount, $14,685,180, represents the increase in gross return above the returns possible had the prices for Class 1 milk remained at the same levels as before the respective licenses were instituted, from the date when each license became effective to January 1, 1935.

There are a total of 49 milk sales areas operating under Federal milk licenses to date. Figures are not as yet available for the other markets not included in the present estimate.

The result indicates only gains in gross returns to producers, and does not allow for small deductions from payments to producers, agreed to by their cooperative associations seeking the licenses, which are used to pay the expense of supervision and to provide mutual market services for all producers. In many cases these are no larger than deductions previously paid by producers for market protection.

The following tabulation shows by each sales area the amount by which gross returns to producers for Class 1 milk is estimated to have increased above returns for the same volume at prices previously prevailing. This tabulation includes the number of days each license has been in effect previous to January 1, 1935:

Market	Number of Days Effective to January 1, 1935	Estimated Increased Gross in Returns on Class 1 Milk For 1934 Only
Alameda Co.	184 days	$ 164,220.00
Boston, Mass.	311 days	3,176,220.00
Chicago, Ill.	330 days	3,424,207.00
Detroit, Mich.	275 days	2,257,489.00
Des Moines, Ia.	320 days	160,275.00
Evansville, Ind.	308 days	40,663.00
Fall River, Mass.	275 days	157,510.00
Newport, R. I.	275 days	46,991.00
New Bedford, Mass.	275 days	155,529.00
Providence, R. I.	275 days	625,513.00
Kansas City, Mo.	275 days	40,868.00
Leavenworth, Kans.	229 days	10,261.00
Lexington, Ky.	244 days	11,631.00
Lincoln, Neb.	289 days	46,985.00
Los Angeles, Cal.	214 days	2,725,073.00
Louisville, Ky.	214 days	111,450.00
St. Louis, Mo.	305 days	1,085,812.00
Omaha, Neb.	312 days	230,437.00
Savannah, Ga.	138 days	16,323.00
Sioux City, Ia.	290 days	31,130.00
Tulsa, Okla.	133 days	57,579.00
Wichita, Kans.	290 days	109,014.00
Total 22 Markets		$14,685,180.00

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ADJOURNED HEARING ON BOSTON MILK LICENSE

The Agricultural Adjustment Administration has announced that after the hearing scheduled on a proposed amended milk license for the Greater Boston sales area concludes at Burlington, Vermont, January 28 and 29, the hearing will be adjourned to Boston, to give Massachusetts milk producers ample opportunity to present their views on the points involved. The place at which the Boston adjourned hearing will be held will be announced locally in a few days.

The public hearing at Burlington, Vermont, is to consider a proposed amended milk license for the Greater Boston sales area. It is the purpose of the proposed amended license, which is based upon the new standard form, to

clear up any confusion which may have resulted from the many amendments to the existing license, which was issued on May 15, 1934.

While the proposed amended license includes a restatement of the prices payable by distributors for milk, and the terms and conditions of milk purchases, it is thought that the new provisions carry an improved wording. The amended license on which the hearing is to be held does not make any change in Class 1 prices to producers, the schedule remaining as at present, with the Class 1 price for 3.7 percent milk at $3.26 per hundred pounds f.o.b. the sales area.

The proposed amended license gives the market administrator the right to disclose, with the consent of the Secretary of Agriculture, the names of persons who are in violation of the license and the nature of violations, as well as giving the market administrator the right, upon approval of the Secretary, to settle and compromise obligations of distributors accruing to him under the provisions of the license. The amended license also prohibits the dumping of cream on the Boston market by outside distributors.

In addition, the proposed amended license carries a provision requiring the market administrator to compute and announce not only a base and surplus price in terms of the Federal base-rating plan, but also to compute and announce an equivalent price in terms of the particular system of payments which a cooperative organization is using to pay its own members. This would tend to make public the prices farmers receive regardless of the system of payment employed, and to aid cooperatives in determining the most equitable system of payment.

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ALLEGED VIOLATIONS OF QUAD CITIES MILK LICENSE

Proceedings have been started against two milk distributing companies alleged to have violated the provisions of the existing milk license for the Quad Cities sales area, the Agricultural Adjustment Administration has announced. Orders to show cause have been issued to Henry Siem, 2407 West Locust Street, Davenport, Iowa, and Frank S. Jamieson, 1410-1/2 Sixteenth Street; Stewart M. Jamieson, Coldwater Road, and Edmund G. Jamieson, 1325 Fifteenth Avenue, doing business as copartners in the Moline Ice Cream Co. and the Moline Milk Depot, Moline, Illinois.

It is declared by the order that these firms must return answer on or before January 30, 1935, why the Secretary of Agriculture should not turn over the case to the Department of Justice with recommendation that the Attorney-General take further action in the matter.

Both Henry Siem and the Moline Ice Cream Co. and the Moline Milk Depot are alleged to have violated the license in several particulars. They are charged with failure to report to the market administrator on the volume of milk delivered to them and regarding certain facts about producers furnishing them milk; and failure to pay the prices for milk defined in the license. It is alleged that, instead of license prices, these distributors have paid a flat price for milk lower than the licensed price. It is also charged that they have

not paid the required sums to the adjustment account maintained alike for all distributors, and have failed to make the required deductions for supervision of the license and for market services from payments to producers or pay the balance of such money to the market administrator as provided in the license.

In addition the Moline Ice Cream Co. and the Moline Milk Depot are charged with violation of the minimum resale price schedule defined in the license, as well as refusal to permit duly authorized agents of the Secretary of Agriculture to examine their books and records.

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CIGAR TOBACCO GROWERS' REFERENDUM ON KERR-SMITH ACT

The Agricultural Adjustment Administration has announced that a referendum will be held in February to determine whether the growers of cigar filler and cigar binder tobacco favor application of the Kerr-Smith Tobacco Act to these types of tobacco in 1935. The referendum was requested by a large number of growers of these types of tobacco. Cigar filler and cigar binder tobacco types are produced in New England, New York, Pennsylvania, Ohio, Indiana, Illinois, Wisconsin and Minnesota.

Persons who own, rent, share-crop or control land customarily engaged in the production of cigar filler and cigar binder tobacco, Types 41, 42, 43, 44, 51, 52, 53, 54, and 55, are eligible to vote in the referendum. The exact date for opening the referendum in each county will be specified by the county agent. The period for voting will be at least 10 days and will be closed on February 15, 1935.

The referendum will be conducted on the following question:

"Do you favor a tax, as provided in the Kerr-Smith Act, on the sale of cigar filler and binder tobacco for the crop year beginning May 1, 1935?"

All persons eligible, regardless of whether they signed production adjustment contracts, will have an opportunity to vote. Approximately 92 percent of the growers of domestic filler and binder types of cigar leaf tobacco have signed adjustment contracts.

Cigar-leaf types of tobacco were exempted from the provisions of the Kerr-Smith Tobacco Act last season. The Act provides, however, that the tax provided for in the Act may be levied on the sale of any type of tobacco during the crop year 1935-36 if the Secretary of Agriculture determines that the persons who own, rent, share-crop or control three-fourths of the land customarily engaged in the production of any type of tobacco favor the levy of the tax thereon, and that the imposition of the tax is necessary for the orderly marketing of such tobacco in interstate and foreign commerce and to effectuate the declared policy of the Kerr-Smith Act.

The Act levies a tax of 33 1/3 percent of the gross first sale value of tobacco but provides that the Secretary of Agriculture may prescribe a lower rate of tax, not less than 25 percent of the price for which such tobacco is

sold. Every first sale of the types of tobacco taxed under the Act must be covered either by revenue stamps or by tax-payment warrants.

In effect, the tax falls upon growers who do not receive tax-payment warrants. The Secretary is authorized to issue non-transferable tax-payment warrants, which may be used to pay the tax, to growers who have entered into contracts with the Secretary and to other growers for whom no equitable allotment could be made under the contracts offered by the Secretary. Contracting growers receive tax-payment warrants covering all of the tobacco which they are permitted, under their contracts, to produce, and are thereby enabled to market this amount of tobacco free from tax.

In each county, tax-payment warrants may be issued to non-contracting growers covering a total quantity of tobacco not exceeding 6 percent of the total quantity which may be marketed by contracting growers in the county. No tax-payment warrants can be issued to non-contracting growers who can obtain equitable allotments under the production adjustment contract. Growers who do not receive tax-payment warrants are required to pay the tax in cash.

Each county in which the referendum will be conducted will have one or more designated voting places. Before the opening voting day, county agents will mail individual notices to all landowners, renters, share-tenants and share-croppers whose names and addresses are available, specifying the time and place for voting in their locality.

Voting cards will be prepared in advance for each person eligible to vote and will be available at the voting place in each community. Since the Act requires that the Secretary determine whether the persons controlling three-fourths of the customary tobacco acreage favor the levy of the tax, it is necessary that the vote of each person be related to specific acreage. Each voting card will therefore be identified with the land that is owned, rented, share-cropped or controlled by the person voting. Each grower will vote the "base tobacco acreage" of his farm. The base tobacco acreage of each contracting grower has been determined under his contract. The base tobacco acreage for each non-signer will be determined by using the method provided in the contract.

To persons who have not voted by February 8 voting cards will be mailed. Voters may sign these cards and return them by mail or leave them unsigned and return them in person to the county agent. Information as to how any person votes is to be confidential. Cards mailed to voters will be accompanied by a notice stating the closing date for receiving votes and advising the voter that if other persons having an interest in his land or in the production of tobacco on the land in which he is interested vote in favor of the tax, and if his vote is not received by the closing date, it may be determined that his land has been voted in favor of the tax.

The vote will be tabulated in each county and made public as promptly as possible after 12 o'clock noon on February 16, 1935.

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GROWERS' COMMITTEE OUTLINES PRINCIPLES FOR POTATO CONTROL

A potato advisory committee representing producers in 16 states has recommended to the Agricultural Adjustment Administration a number of principles it desires incorporated in a national program for potatoes. The committee has requested the Adjustment Administration to aid in drafting a tentative bill which the committee will submit to Congress.

The program recommended by the committee contemplates designation of potatoes as a basic commodity and control legislation similar to the Kerr-Smith Act for tobacco. Neither processing taxes nor benefit payments are included. Recommendations by the Advisory Committee include:

Determination by the Secretary of Agriculture of the advisable size of the annual crop to be marketed with a view towards establishing and maintaining a parity price level for potatoes; a flexible basis of allotment to States, using a production average computed from the three highest yields and acreages of the five-year period, 1930-34; allotments to individual growers based on State allotments; a tax of 1/2 cent a pound on all potatoes marketed which are not covered by tax-exempt certificates; marketing of all potatoes in closed packages; transfer of tax-exempt certificates between growers, and between districts with their value to be determined by the supply and demand for them; provision for a reserve to care for new growers, and a referendum on the plan after one year of operation.

The recommendation of the committee regarding the basis of allotments to states, from which individual allotments to growers will then be made by state committees, was:

"As a basis for allotment to states, it was moved that out of the 1930-34 period there shall be computed from the official estimates on the potato crop for each State, the average of the three highest acreages, computed to hundreds of acres and the three highest yields computed to tenths of a bushel, and use the product of these two averages for each State as an average production base. The acreage and yields selected need not necessarily be for identical years."

The committee recommended that the rate of tax on excess marketings of potatoes not covered by tax-exempt certificates should be 50 cents per 100 pounds.

Under the committee's recommendation, a producer would apply for his allotment and would receive tax-exempt certificates for the amount of his allotment. Before marketing potatoes in excess of the amount covered by these tax-exempt certificates, he would have to secure tax-paid certificates.

The advisory committee which made its recommendations to the Agricultural Adjustment Administration represented growers from Maine, North Carolina, Virginia, Maryland, New Jersey, South Carolina, Ohio, Kansas, Alabama, Michigan, Louisiana, Connecticut, New York, Florida, North Dakota and Minnesota.

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HEARING ON SOUTHERN RICE MARCH 11

The hearing on conversion charges set forth in the marketing agreement for the Southern rice milling industry to have been held January 22 at the Department of Agriculture, Washington, D.C., has been postponed until March 11. The postponement was granted at the request of W. M. Reid, representative of the Rickert Rice Mills, Inc., of New Orleans, petitioners for the hearing.

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VIOLATORS OF FLORIDA CITRUS AGREEMENT-LICENSE REMOVED

Five shipper members of the control committee of the marketing agreement for Florida citrus fruit have been removed by order of Secretary of Agriculture Henry A. Wallace as a result of violations of the marketing agreement and license, as shown by the records, of the Federal-State Inspection Service, by the organizations with which such members are affiliated.

The members of the control committee removed are C. C. Commander, L. L. Lowry, both of Tampa; Harry L. Askew, Lakeland; Charles Stewart, Frostproof; and W. H. Mouser, Orlando. The organizations involved are the Florida Citrus Exchange, John S. Barnes, Inc., L. Maxcy, Inc., and W. H. Mouser and Co.

The control committee issued an order restricting shipments of unclassified fruits which did not meet the requirements of the U. S. Grade No. 2, with respect to internal condition, and while this order was in effect from December 26, 1934, to January 10, 1935, the companies and organizations with which the named persons are affiliated violated the order.

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FULL-DUTY SUGAR IMPORTERS MAY REQUEST CERTIFICATION

Requests for certification by the Sugar Section to the effect that full-duty sugars are within established quotas may be made by importers after the sugar is purchased rather than upon arrival of the sugar in the United States, the Agricultural Adjustment Administration has announced on January 24.

Up to this time, such certifications were made only upon the arrival of the sugars in the continental United States. The quotas for full-duty countries are relatively small. Consequently, some of the importers of full-duty sugars, which are used in the Western canning industry for export trade, are unable to make advance commitments, since there is danger that when the sugars purchased arrive in the United States, the quotas will have been exhausted by the prior arrival of other sugars from the same area.

Such certification will be given by the Sugar Section of the Agricultural Adjustment Administration only in cases where evidence satisfactory to the Sugar Section has been given of bona fide purchase and intention to ship. Such certification will be effective only for stated periods of time.

It was pointed out that sugars may be brought in from full-duty countries under bond for re-export purposes; such sugars are not within the quota restrictions of the Jones-Costigan Act.

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STATUS OF PHILIPPINE RAW SUGAR

The allotment of 9,996 short tons of Philippine raw sugar which may enter the United States for the calendar year 1935 for direct-consumption without further processing, has already been filled, the Sugar Section of the Agricultural Adjustment Administration has announced. As a result of this, no more raw sugar may enter the United States from the Philippine Islands for direct consumption in 1935, but raw sugar for further processing may enter within the limits of the total quota for the Islands.

The total Philippine sugar quota for 1935 is 918,352 short tons, raw value, and the total quota of direct consumption sugar is 79,661 short tons, raw value. Shipments of refined sugar to fill the remainder of the direct-consumption quota, 69,665 short tons, raw value, will be certified by the Sugar Section until the quota is filled, it is announced.

The allotment of the direct-consumption quota into raw sugar intended for direct consumption and refined sugar was made by Governor-General Murphy under authority granted by the Secretary of Agriculture and in accordance with the recently enacted Philippine Sugar Limitation Law.

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CERTIFICATION FOR FOREIGN AND DIRECT-CONSUMPTION SUGARS

Certification to collectors of customs by the Sugar Section of the Agricultural Adjustment Administration, that the particular sugar for which application for entry is made is within the applicable quota, will be required for all sugars (either raw or direct consumption) from foreign countries, other than Cuba, and for all direct consumption sugars coming from Puerto Rico, the Philippine Islands and Hawaii.

Notice to this effect has been given to all collectors of customs by the Commissioner of Customs in Washington, D. C. Importers of such sugar should request the Sugar Section to certify to the Collector of Customs that the sugar which they desire to enter for consumption is within the 1935 quota for the respective areas. Customs officials will release the sugar upon receipt of such certification from the Sugar Section of the Agricultural Adjustment Administration.

From January 1, to January 10, 1935, no restrictions governed the entry of sugar except the filing of Form SS/3 covering all sugars. However, the 1935 quotas were announced January 5, 1935, and as the quotas for all foreign coun-

tries, except Cuba, are so small that it would be possible for the quota to be filled by a single shipment, certification is required in order to keep an accurate and current record of such imports, as well as accurate administrative control of all sugars from Puerto Rico, the Philippine Islands and Hawaii for direct consumption purposes.

The Cuban raw and direct-consumption quota sugars and the raw sugars from Puerto Rico, the Virgin Islands, the Philippine Islands, and the Territory of Hawaii for further processing, are so large that the filing of Form SS/3 upon entry of sugar is all that will be required until there have been substantial receipts in the United States or the quota nears completion. It is contemplated that certification from the Sugar Section will then be required for these sugars also, in accordance with the procedure adopted in 1934.

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